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## Externality Effects of Sachet Water Consumption and the Choice of Policy Instruments in Nigeria: Evidence from Kwara State

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**ABSTRACT** The study examines the causes and negative externality effects of sachet water consumption in Nigeria. It traces the origin of sachet water production in Nigeria to 1990, and attributes the emergence and proliferation of sachet water production to the inability of the governments - federal, state and local - to provide their subjects with tap water supply that is adequate in terms of quantity and quality. The study adopts qualitative methodology, and makes use of questionnaire, structured interviews, informal personal interviews. Weather was found to be the most significant determinant of the demand for sachet water in Nigeria. Using judgemental convenience sampling, the deposit-refund system is considered the most applicable and appropriate instrument through which the externalities can be controlled. The applicability and appropriateness of the deposit-refund system is due to the nature of the externalities which is the recyclability of the packaging of the commodity.